



# भारत का राजपत्र

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इस भाग में भिन्न रूढ़ि मंच्या वीं जारी है जिसमें कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

MINISTRY OF COMMERCE

PUBLIC NOTICE

IMPORT TRADE CONTROL

New Delhi, the 28th July 1967

SUBJECT.—Imports from U.S.A. under Special General Licence No. 1 dated the 1st May, 1967 under U.S. AID Commodity Program Assistance 1967 (AID Loan No. 386-H-168).

**No. ITC(PN)/67.**—The Appendix to this Public Notice sets out the terms and conditions governing imports from U.S.A. under Special General Licence No. 1 notified in Import Trade Control Order No. 7/67, dated the 1st May, 1967 under the United States Agency for International Development Commodity Program Assistance 1967 (AID Loan No. 386-H-168). All imports under the said Special General Licence shall be subject to these terms and conditions. No import licence will be issued. The importers can straightaway effect their imports subject to these conditions.

The attention of the importers is specially drawn to the following:—

- (i) Only spare parts of machinery listed in Annexure I to this Public Notice can be imported under this Special General Licence. Further, if any of the said spare parts are banned or restricted for import in terms of Import Trade Control Policy in force at the time of import, their import will not be allowed.
- (ii) Imports can be made from U.S.A. only. Further the goods imported must be of U.S. source and origin.

- (iii) Shipments under this licence must be effected latest by 31st March, 1968. No grace period will be admissible.
- (iv) If the total value of all the orders to be placed for the spare parts falling under a group as shown in Annexure I to this Public Notice is Rs. 37,500/- or more, Notice to U.S. Business as prescribed should be submitted to the Ministry of Industrial Development & Company Affairs (Department of Industrial Development) (AID Section), Udyog Bhawan, New Delhi-11.
- (iv-A) If the estimated total value of all the orders to be placed for the spare parts falling under a group indicated in Annexure I is less than Rs. 37,500/-, the Notice to U.S. Business procedure need not be complied with, but once orders are so placed for the spares falling under a group, no more orders can be placed for the spares belonging to the same group unless a period of at least three months has elapsed since the date of placement of the first set of orders.
- (v) No order can be placed on a U.S. Supplier if it involves opening a Letter of Credit in his favour in U.S. dollars for a sum less than \$ 1000.
- (vi) No request for a letter of authorisation for opening Letters of Credit will be entertained if it is received in the Ministry of Finance (Department of Economic Affairs) after the 15th December, 1967. Consequently orders must be placed well in advance, and where placement of orders is permissible only after compliance with the Notice to U.S. Business procedure or obtaining a waiver thereof, the Notice to U.S. Business or request for waiver, as the case may be, must be submitted to the Ministry of Industrial Development & Company Affairs (Department of Industrial Development) (AID Section), Udyog Bhawan, New Delhi-11 sufficiently in advance.
- (vii) Soon after placement of orders, the importer should apply to the Senior Accounts Officer (Economic Aid Accounts Section), Ministry of Finance (Department of Economic Affairs), Jeevan Deep Building, Parliament Street, New Delhi with a bank guarantee for the total value of the orders placed plus one percent thereof for a separate and express authorisation for opening a commercial Letter of Credit. No remittance of foreign exchange will be allowed as the import will be under the Letter of Commitment procedure.
- (viii) The Letters of Credit on the specified U.S. Bank should be opened for the full value of the authorisation within one month from the date of issue of the authorisation of the Ministry of Finance.

(NOTE: No letter of credit can be opened for less than \$ 1000.)

- (ix) All payments to U.S. suppliers must be completed by the 30th April, 1968. No extension will be granted under any circumstances.

(NOTE: No credit facilities will be allowed. All payments must be effected upon shipment of goods.)

#### APPENDIX

*Terms and conditions governing imports from U.S.A. under Special General Licence No. 1, dated the 1st May, 1967 under U.S. AID Commodity Program Assistance 1967 (AID Loan No. 386-II-168)*

##### (I) Eligible Items:

A list of eligible items is given in Annexure I. Annexure I has been prepared by recasting the schedule annexed to the Special General Licence. Banned or restricted items as per the Import Trade Control policy in force at the time of import will not be permitted to be imported under this scheme. The import of goods of U.S. source and origin only will be permissible.

"U.S. Source" is defined to mean that the goods in question have been grown, mined or produced through manufacturing, processing or assembly in the U.S.A. Items may have non-U.S.A. components only from countries included in Code 899 as defined in clause (XI) below, provided that the cost of the components to the supplier does not exceed ten per cent of the lowest export price at which the supplier makes the item available for export, excluding shipping costs and marine insurance.

"U.S. Source" is further defined to mean that the goods are shipped to India either from (a) the U.S.A. or (b) a bonded warehouse or free port if shipped there from the U.S.A. in the form in which received in India.

**NOTE:** AID Washington have relaxed the ten percent limitation on imported components in certain cases vide Source Rulings of AID, Washington reproduced in Annexure VI.

(II) *Bid Invitations:*

A. *Notice to U.S. Business regarding proposed procurement of goods*

Annexure I classifies the list of eligible spare parts into five groups. If the total value of all the orders to be placed for the spare parts falling under a group is Rs. 37,500 or more, unless AID waives notification requirements [see sub-clause (c) below], importers are required to follow the procedure explained in Annexure III for notifying U.S. Business regarding the proposed procurement. The "Notice to U.S. Business" to be prepared in accordance with Annexure III should be submitted by the importer to the Department of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11. If the estimated total value of all the orders to be placed for the spare parts falling under a group is less than Rs. 37,500, the Notice to U.S. Business procedure need not be complied with, but once orders are so placed for the spares falling under a group, no more orders can be placed for the spares belonging to the same group unless a period of atleast three months has elapsed since the date of placement of the first set of orders.

It is emphasised that if any U.S. supplier asks for information or clarification from the Indian importer in response to the "Notice to U.S. Business", such enquiries must be answered so that the potential U.S. supplier is enabled to quote for the item to be procured. It is the responsibility of the importer to see that such enquiries are duly answered by him and not ignored. The orders as finalised should, in both cases, conform to the provisions of clause III below.

B. *Other Procurement Requirements*

*Information on Price Accepted and Abstracts of Offers and Bids.*—Upon request by the Department of Industrial Development, Udyog Bhavan, New Delhi-11 or by AID, the imported shall furnish an abstract of all price quotations offers, or bids received, as the case may be, showing: (a) the name and address of all offerers or bidders and their principals, if any (including manufacturers or processors of the goods where known); (b) the offers they made or the bids they submitted in terms of categories of goods, quantity, quality, delivery time offered and other relevant factors; and (c) the name of the successful bidder. In cases where the order was placed or the award made to other than the lowest offerer or bidder the importer will give the reasons for rejecting the lower offers or bids and for accepting the successful bidder.

C. *Waiver of Notification Requirements*

1. *Proprietary Waiver.*—Upon written application by importer, the AID may reduce the 45 days waiting period, or waive this requirement in the case of procurement of proprietary items—i.e. items which are part of an existing plant or are required for the extension of an existing plant or machinery or items such as spare parts for which orders must be placed on the original suppliers for technical reasons. For this purpose the importer may apply through the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11, to the Industrial Resources Adviser, U.S. Agency for International Development American Embassy, New Delhi, while submitting the form of "Notice to U.S. Business". Such requests should contain full and detailed justification for the requested "waiver" and should be supported by documentary evidence wherever necessary. Every request should indicate the estimated dollar value, on a F.O.B. or F.A.S. basis, of the proposed procurement for which the waiver is requested.

In no case, should such requests for "waiver" be sent directly to AID. They are to be prepared in duplicate and routed through the Deptt. of Industrial Development (AID Section) Udyog Bhavan, New Delhi-11 who, after satisfying themselves that a *prima facie* case for waiver exists, will forward such requests to AID for the latter's consideration and decision. The importer should not finalize the order unless the waiver applied for is granted by the U.S. Agency for International Development, New Delhi.

2. *Sole Agency Waiver.*—When importers are the exclusive distributors or exclusive franchised assemblers or processors of products supplied by a certain Principal, or are bound by a contractual agreement to buy certain kinds or types of products only from that one supplier, the responsibility for securing "waiver"

from AID rests with the supplier, who should send the importer two copies of his request. The supplier's request should be submitted to the Office of Small Business Agency for International Development, Washington, DC 20523. The request must be accompanied by a copy of the contractual document governing the Sole Agency Relationship and should be supported by a statement from the supplier similar to the following:—

"We certify that "(full name and address of importer) is bound by contractual agreement to purchase his requirements of (Name or description of commodity or products) only from (name of supplier); that our agreement prevents his purchasing other brands of this commodity, or products from other suppliers; and that he cannot, therefore, consider competitive offers."

If the waiver is authorised by AID, AID will send one copy of the waiver to the supplier and one copy to the importer. The importer then should send a copy of the waiver to the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11 stating the import particulars against which he will operate the waiver and should await clearance from the Deptt. of Industrial Development. For each subsequent import to be made, the importer should inform the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11, whether the waiver is still valid and make a reference to the letter of the Deptt. of Industrial Development which conveyed the original clearance to the operation of the Waiver. The importer should not finalize any orders until he has received specific clearance from the Deptt. of Industrial Development.

#### (III) Price of Commodities and Their use:

The goods should be procured at reasonable prices which should normally approximate the lowest competitive export market price, having regard to quality, time and cost of delivery and other factors. In addition, prices for purchases in bulk shall not exceed the market price prevailing in U.S.A. at the time of purchase, adjusted for differences in the cost of transportation to destination, quality and terms of payment. (The supplier certifies to this price requirement in the Supplier's Certificate shown in Annexure II). The prices at which contracts are concluded by the importer will be subject to check by the Government. The contract prices should be shown in U.S. Dollars only. No orders should be placed on an U.S. Supplier if it involves issuance of an individual letter of credit in dollars of a sum less than one thousand dollars.

Any contracts entered into in violation of the conditions of this paragraph will render the import liable for action under the Import Trade Control Act. Goods imported under this Licence shall be used only in accordance with such conditions as may hereafter be prescribed by Government.

#### (IV) Restriction on placement of orders:

The importer should, before placement of any order, ascertain by reference to the Import Trade Control Policy book that the materials ordered are not such as are banned or are subject to face value restrictions according to the Import Trade Control policy in force at the time. Importers should also ensure that no orders are placed on any of the ineligible suppliers listed in Annexure XIII. All orders must provide for shipments by 31st March, 1968 without any grace period whatsoever and payments to U.S. suppliers by 30th April, 1968. No order can be placed if it involves opening a Letter of Credit in favour of a U.S. Supplier for a sum less than \$ 1,000. As no request for a Letter of authorisation for opening letters of credit will be entertained if it is received in the Ministry of Finance (Department of Economic Affairs) after the 15th December, 1967, orders must be placed well in advance and where placement of orders is permissible only after compliance with the Notice to U.S. Business procedure or obtaining a waiver thereof, the Notice to U.S. Business or request for waiver, as the case may be, must be submitted to the Department of Industrial Development (AID Section), Udyog Bhavan, New Delhi sufficiently in advance.

#### (V) Agents' Commission:

Prior to placing orders on U.S. suppliers, the importer should ascertain whether the supplier has an agent in India and whether any commission to that agent will be involved. Where the prices include commission for the agent in India, the importer shall provide in the contract with U.S. Supplier that the commission will be payable to the agent in rupees through the importer's bankers in India.

To secure that only the net price (after deducting the agent's commission) is paid to the supplier by the U.S. Bank and the commission is paid to the agents in rupees in India, the following procedure should be followed:

In the contract with the U.S. supplier and the Commercial letter of credit opened subsequently in his favour, it should be clearly stipulated that two sets of detailed commercial invoices be submitted by the supplier to U.S. Banks when seeking payment under the Letter of Credit. The first set of invoices should show only the gross sales amount and should be placed in a sealed cover addressed to IMPORTER. The second set of invoices should show the net price plus agent's commission and the gross sale amount. Name and address of the agent in India to whom payment is to be made should also be indicated. The second set should be accompanied by the original supplier's certificate, AID Form 282 and should be marked "FOR AID AND THE GOVERNMENT OF INDIA".

In cases where no agent's commission is involved, the invoice must be accompanied by a certificate from the supplier in the FORM PRESCRIBED BY AID-Washington to the effect that no agent's commission is included in the invoice. The Indian Banks should—

- (a) within seven days from the receipt of import documents, collect from the Indian importer the cost of imports in Rupees on the basis of the gross invoices at the rate of Rs. 757.50 for \$ 100.00 plus interest charges at 6 per cent per annum for the period between the date of payment to the U.S. suppliers and the date of deposit of rupee equivalent and give the importer the sealed cover addressed to the importer.
- (b) make commission payments to agents in India on the basis of the invoice showing net price, commission and gross amount marked "FOR AID AND GOVERNMENT OF INDIA" within 15 days of receipt of documents from U.S. banks at the rate of exchange prevailing on the date payment is made to the U.S. Supplier by the U.S. Bank. THIS PAYMENT MUST BE MADE AFTER OBTAINING A CERTIFICATE FROM THE AGENT IN INDIA TO THE EFFECT THAT:—
  - (i) he has performed services in India constituting a direct and substantial contribution towards securing the sale of the commodity or commodity related service financed by AID hereunder;
  - (ii) has performed such services in India; and
  - (iii) maintains a regular place of business in India.

After payment to the agent in India in Rupees, the balance of the amount collected from the importer, vide (a) above should be deposited into Government account at the Reserve Bank of India, New Delhi, or the State Bank of India, Delhi or if it is not feasible, remitted by means of a demand draft drawn in favour of the AGCR, New Delhi on the State Bank of India, New Delhi and one set of documents containing this invoice along with the chalan in original should be forwarded to the Ministry of Finance (Dept. of E.A.) Economic Aid Accounts Branch, New Delhi. In case of deposits through demand drafts, the drafts should be sent to the A.G.C.R., New Delhi giving him full particulars of the transactions as also the number and change of the letter of authorisation issued by the Ministry of Finance (Dept. of Economic Affairs) under advice to the Ministry of Finance (Indian Banks handling the invoices must carefully follow the instructions to ensure that payments are correctly made to agents in India). The said deposit must be made within seven days of receipt of advice of payment and shipping documents from the U.S. Bank, as provided in penultimate sub-para of para VIII below.

- (c) Ensure that letters of credit clearly indicate that agent's commission, other than commissions to agents in India paid by U.S. suppliers, should conform to the following provisions:

"Commissions payable to a bona-fide agent of a supplier are eligible for financing by AID if such agent:

- (I) has performed services constituting a direct and substantial contribution towards securing the sale of a commodity or a commodity related service financed by AID hereunder;

(2) has performed such services in the United States;

(3) maintains a regular place of business in the United States."

**NOTE.**—It should be noted very carefully that the Exchange rate indicated above is the prevailing composite rate of exchange and any change in the same, as and when decided upon by the Government of India will be communicated to the importers/their bankers.

#### (VI) Credit Facilities:

No credit facilities will be permitted for import under this scheme. All payments will have to be made upon shipment of the goods.

#### (VII) Documentation:

Ordinarily, Letters of Credit will be opened with various U.S. banks for paying the suppliers for goods delivered. The importer is responsible that the supplier is informed regarding his responsibility in completing and submitting the following documents to the U.S. Bank at the time that the supplier claims payment for the delivered goods. Each document should indicate AID Loan Number 386-H-168. (Further details of documentation requirements are contained in Annexure VII).

**A. Supplier's Invoice**—The regular commercial invoice should be in two sets as below:—

- (a) One set showing quantity, detailed description, gross sales price, net sales price (after deducting discounts etc. OTHER THAN COMMISSION TO AGENTS IN INDIA) and basis of delivery (e.g. C & F, CIF, FAS) of the goods. If the goods are shipped from a free port or bonded warehouse, the invoice should so indicate. This set should be placed in a sealed cover prominently addressed to the importer.
- (b) The second set setting out the details as in (a) above and in addition showing commission to agents in India with their full address the net sales price after deducting agents' Commission in India. In cases where no agents' commissions are involved, the invoice must be accompanied by a certificate in the form specifically prescribed by AID, Washington for the purpose. (The U.S. Banker will make payment of the net amount shown in these invoices). This set should be prominently marked "FOR AID AND THE GOVERNMENT OF INDIA". A certificate should also be recorded on this set of invoice by the U.S. supplier to the effect that apart from the Commission to Agents in India deducted from the invoice value, no other commission is involved.

The certificates required under sub-para 'C' below are to be attached only with the second set of invoices and not with the invoices contained in the sales envelope.

**B. Evidence of shipment.**—This is normally a shipping bill of lading, although an airway bill, parcel post receipt, or charter party bill, or other commercially accepted documentation is permissible. The document should contain the carrier's statement of charges, and should show the date of shipment.

**C. Supplier's Certificate (AID Form 282).**—The original and two copies of the AID Supplier's Certificate and Invoice-and-Contract Abstract must be executed by the supplier in the Form No. AID 282 prescribed by AID Washington *vide* Annexure II, covering each of the following:—

- (1) **Certificate by Commodity suppliers.**—The cost of the commodity, including the cost of ocean freight and/or marine insurance (including war risk insurance) when such costs are paid by the supplier for his own or the buyer's account, to be executed by the supplier of the commodity.
- (2) **Certificate by Carrier.**—The cost of ocean or air freight, to be executed by the carrier, in all cases.
- (3) **Certificate by Supplier of Marine Insurance.**—The cost of marine insurance (including war risk insurance) to be executed by the insurer, insurance broker, or underwriter only if the cost of the insurance exceeds fifty dollars (\$ 50).

• A copy of the Supplier's certificate and Invoice-Contract Abstract are shown in Annexure II. Note that the certification of U.S. source/origin is part of the supplier's certificate.

**D. Certification concerning Commission and Service Payments.**—The certification should be furnished in the form AID 283, prescribed by AID, Washington (*vide* Annexure II-A).

**E. Such additional or substitute documentation as may be specified from time to time by the Government of India.**

**(VIII) Payments for imports.—Letter of Commitment Procedure:**

No remittance of foreign exchange will be allowed from India in respect of Imports made under the Letter of Commitment Procedure. The U.S. suppliers will be paid directly by the designated U.S. Banks against Letters of Commitment opened in their favour by the Agency for International Development, Department of State, Washington, on submission of the documents detailed in Annexure VII.

The importer should, before finalising contracts or placing orders with the foreign suppliers, ensure that the procedure laid down in the various clauses [particularly clauses (II) to (V) above] has been fully complied with. Soon after the placement of orders, the importer should apply to the Senior Accounts Officer, Economic Aid Accounts, Ministry of Finance (Department of Economic Affairs), Jeevan Deep Building, Parliament Street, New Delhi, for a separate and express authorisation for opening a Commercial Letter Credit. The application should be in the form in Annexure IV and should be accompanied by a Bank Guarantee, in the form in Annexure V, obtained from an authorised dealer in foreign exchange in India. The Bank Guarantee should be for the full value of the orders placed plus one per cent thereof. The Bank Guarantee should be executed on a non-judicial stamp paper, the value of the stamp being adjudicated by the Collector in accordance with the provisions of Section 31 of the Stamp Act, 1899.

All applications for Letter of Credit authorisation should be submitted to the Ministry of Finance (Department of Economic Affairs) latest by the 15th December, 1967.

If the application is found in order, the Ministry of Finance, Department of Economic Affairs, will communicate their authorisation for the requisite amount to the importer and the Indian Bank concerned indicating, *inter-alia*, the Letter of Commitment number opened by AID and the conditions thereof as well as the name of the U.S. Bank with whom Letter of Credit in favour of U.S. suppliers should be opened. The Department of Economic Affairs will also advise the U.S. Bank concerned suitably. The Letter of Credit on the specified U.S. Bank should be opened within one month from the date of issue of authorisation for the full value thereof under intimation to the Senior Accounts Officer, Economic Aid Accounts, Ministry of Finance, Department of Economic Affairs, New Delhi, failing which the authorisation will lapse, and the importer will have to make a fresh application giving full justification as to why the Letter of Credit was not opened within the specified time limit. The Letter of Credit opened by the Indian Bank on the designated U.S. Bank against the Letter of Commitment of AID should detail the conditions to which the Special General Licence is subject and call for the submission of documents detailed in Annexure VII. While opening the Letter of Credit, the Indian Bank must quote the number of the relative Letter of Credit Authorisation issued by the Ministry of Finance.

The Letter of Credit should also specify the provisions of clause (V) regarding commission to agents in India for the guidance of the supplier in preparing the invoices. The U.S. Banker should be clearly instructed to make payment of the net amount only as shown in the invoice mentioned at (VII) above. In his contract with U.S. suppliers, the importer should also indicate that the documents detailed above have to be submitted by the U.S. suppliers. He should also keep in view the provisions of clause (VII) above.

**NOTE.—Letter of Credit for less than \$ 1000 should not be opened.**

Within seven days of the receipt of advice of payment with shipping documents from the U.S. Bank, the Indian Bank concerned shall arrange deposit to the credit of the Government of India in the Reserve Bank of India, New Delhi/State Bank of India, Delhi, or if either course is not feasible, by means of a Demand Draft drawn on the State Bank of India, New Delhi, in favour of the Accountant General, Central Revenues, New Delhi, under the head of account specified in

Note 3 below of the rupee equivalent of the invoice price representing the dollar disbursements made by the U.S. Bank at the rate of Rs. 757.50 per \$ 100 plus interest charges at 6 per cent per annum for the period between the date of payment to the U.S. suppliers by U.S. banks and the date of deposit of rupee equivalent. Thereafter, the Treasury Challan evidencing the deposit shall be sent by registered post to the Senior Accounts Officer, Economic Aid Accounts Branch, Ministry of Finance, Department of Economic Affairs, Jeevan Deep Building, Parliament Street, New Delhi, indicating references to and endorsing copies of the Invoice/Shipping documents and the authorisation of that Department to which the transaction relates. The Indian Bank concerned shall also, on demand by Government of India, arrange deposit within seven days, in the Reserve Bank of India, New Delhi/State Bank of India, Delhi, or if either course is not feasible by means of a Demand Draft drawn on the State Bank of India, New Delhi, in favour of the Accountant General, Central Revenues, New Delhi, of such additional amount on account of service charges as may be demanded by the Government of India. The Indian Bank concerned shall release the shipping documents to the importer only after the deposits aforesaid are made to the credit of the Government of India.

After the obligations in terms of the Bank Guarantee are fulfilled, the importer and/or the Bank can apply to the Senior Accounts Officer, Economic Aid Accounts, Ministry of Finance, Department of Economic Affairs, for the release of the Bank Guarantee.

**NOTES.—**(1) The above arrangement does not absolve the importers of their responsibilities and obligations to make the necessary rupee deposits within the prescribed time-limit.

(2) See also Note below Clause V.

(3) The rupee equivalent and interest at 6 per cent will be creditable under the head of account "T-Deposits and Advances—Part II Deposits not bearing interest—C—Other Deposit Accounts—Civil Deposits—Deposits for purchases abroad (I) Purchase under AID Loan No. 386-H 168." In the Challan, the Accountant General, Central Revenues should be shown as the accounts officer who will adjust these credits.

#### (IX) Report Regarding orders placed:

Within a fortnight of the placement of orders, a report should be sent by the importers (with a copy to the Ministry of Finance, Department of Economic Affairs, Economic Aid Accounts Branch) to the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11, consisting of the following information and documents:—

- A. Number and date of the orders placed.
- B. Value and quantity of orders placed and accepted by the supplier.
- C. Name and address of the supplier.
- D. General description of the items to be imported and Commodity Code Number.
- E. A copy of the order placed on the supplier and of his acceptance.
- F. Number and date of the communication from the Deptt. of Industrial Development (AID Section) relating to publication of "Notice to U.S. Business" or grant of "waiver", where applicable.

Any change in the terms of the order should be intimated promptly to the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11 as well as to the Ministry of Finance Deptt. of Economic Affairs (Economic Aid Accounts Section), New Delhi.

#### (X) Sixty percent shipment on U.S. Flag Vessels:

It should be ensured that atleast 60 percent of the total tonnage covered by the Letters of Credit opened against a single letter of authorisation issued by the Ministry of Finance (DEA) is shipped on U.S. Flag Commercial vessels.

#### (XI) Balance percentage on Indian Flag Vessels:

The remaining (i.e., upto 40 percent) of the total tonnage covered by the Letters of Credit referred to above should be shipped on Indian vessels to the extent that such Indian vessels are available at competitive and reasonable rates of freight. If, however, no suitable Indian vessel is available at competitive and reasonable rates, a non-availability certificate about Indian vessels should be obtained by the

importer/supplier from the Secretary, Shipping Coordination Committee, Ministry of Transport, New Delhi (Cable: Transchart) or the Ministry of Transport's Forwarding Agents in U.S.A., namely, M/s Dyson Shipping Co. 17, Battery Place, New York-4, N.Y. Freight charges in respect of goods transported on Indian flag vessels shall be payable in Indian rupee only.

If the non-availability of Indian flag vessels is established in the manner prescribed above, the importer/supplier may ship those goods in a third country vessel. The vessels so used should be of countries included in Code 899 of the AID Geographic Code in effect at the time of shipment. The Code includes all countries except the following:

The Union of Soviet Socialist Republics, Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungry, Latvia, Lithuania, Rumania, Poland, Danzing, Vietnam (north), North Korea, China (Mainland), and Communist controlled areas (which include Manchuria, Inner Mongolia, the provinces of Tsinghai and Sikang, Sinkiang, Tibet, the former Kwantung leased territory, the present Port Arthur Naval Base Area, and Liaoning Province), Outer Mongolia and Cuba.

In order to facilitate remittance of ocean freight in cases where third country vessels are used in the circumstances and under the conditions set forth in the preceding two sub-paragraphs of this clause, the importer should at the time of opening letters of credit ensure that it is stipulated that in addition to the shipping documents etc. required for the purpose of negotiations, the suppliers or shippers should produce the prescribed certificate regarding non-availability of Indian vessels, in the event of goods upto 40% tonnage limit being transported by third country vessels, for drawing the freight amount under the letter of credit. As, however, the freight amounts in such cases are not financable out of AID Loan, the U.S. Banks will, after payment claim reimbursement therefor from the Indian Bank concerned. The latter will then remit the amount involved to the U.S. Bank on the basis of the waiver certificate aforesaid notwithstanding anything to the contrary mentioned in this Public Notice.

**NOTE:** There is no objection to the transportation of more than 60% of the subject tonnage or for that matter the entire tonnage of U.S. flag commercial vessel.

#### (XII) Disqualified vessels:

No part of the goods should be shipped in any of the vessels notified in the Ministry of Commerce Public Notice No. 118-ITC(PN)/66 dated the 18th August, 1966, as amended from time to time.

In the letters of credit opened on U.S. Banks it is not necessary to detail the list of ineligible vessels as this list may undergo revision from time to time and necessitate frequent amendments to the letters of credit. It will be enough if instead of detailing the list of ineligible vessels, the letters of credit opened on U.S. Banks stipulate, Inter-alia, for the production of the following certificate:—

"The vessel owner or operator certifies that the vessel which will perform under this contract is not a vessel which has been banned by AID for transporting AID financed goods. The vessel owner or operator further certifies that they assume full responsibility for any claim filed by AID, Washington or any other authority in case of violation of the requirement."

#### (XIII) Marine Insurance:

Marine Insurance may be effected either with U.S. or Indian Insurance Companies. In respect of insurance covered with Indian Insurance Companies, insurance premia shall be payable in rupees.

#### (XIV) Claims on insurance companies, suppliers, steamer companies etc.:

(I) Claims for deficiency in quality and specifications of defective goods, shortlandings, damages, etc. with the suppliers/steamer companies/U.S. insurance companies shall be settled in dollars, the payment being remitted by the supplier/steamer companies/U.S. insurance companies to the concerned Bank in India of the importer. There is, however, no objection to claims arising out of shortlandings, and/or damages to goods while in transit with shipping companies, being settled by the shipping companies' representatives in India in rupees. Cases of deficiency in quality or specification, damage in transit, short landings etc. of the goods imported should be taken up promptly with the supplier, shipper, insurance company etc. and claims filed and pursued till they are finally settled. Immediately upon

the settlement of the claims, the importer should notify the Senior Accounts Officer, Economic Aid Accounts Section, Department of Economic Affairs, Jeevan Deep Building, Parliament Street, New Delhi all the details of such payment and also furnish a certificate from the concerned Indian Bank that all the foreign exchange in connection with the settlement of the claims has been received in India. It is imperative that importers should receive the claim in India, and should in no case arrange for their being credited to their accounts, if any, with the suppliers/shippers/insurance companies abroad. In addition, a quarterly statement as in the Form enclosed as Annexure VIII should be rendered to the Senior Accounts Officer, Economic Aid Accounts Section, Department of Economic Affairs, Jeevan Deep Building, Parliament Street, New Delhi. Care must be taken to indicate in the appropriate columns the nature of the claim, amount of claim, amount actually realised etc. Where the settlement has been effected in foreign currency, it should be prominently specified in the proforma. In cases where the goods shortlanded or damaged etc. have been replaced or repaired etc. the fact should be indicated, giving the nature of replacements etc. effected, whether from abroad, or locally and the actual expenditure incurred thereon with the currency involved. This is essential because the Govt. are liable to refund the amount of the claims received to AID in dollars, unless the items shortlanded etc. are replaced or repaired etc. (subject to certain conditions). In cases where it is not proposed to obtain replacement, this fact should be specified in the report. Where the importer receives any adjustment, rebates and discounts from the suppliers, information in this regard should also be furnished by them promptly to the Government in the proforma mentioned above (cf Annexure VIII). Failure to furnish these reports correctly and punctually will be viewed seriously by Government and importers will lay themselves open to appropriate penalties under the Imports and Exports (Control) Act.

*Special instructions regarding marine insurance policies obtained from Insurance companies in U.S.A.*

With respect to any marine insurance loss payment, which a marine insurance company of U.S.A. makes under a marine insurance policy financed under the AID Letter of Commitment, the supplier of the marine insurance shall within 15 days of making such payment, report to AID, Office of the Controller, Washington D.C. under intimation to the Senior Accounts Officer, Deptt. of Economic Affairs, Ministry of Finance, Jeevan Deep Building, Parliament Street, New Delhi, the amount and the date of the payment, a description of the Commodity, the AID loan number, name of the carrier, vessel and voyage number (alternatively, flight or inland carrier run number), date of the bill of lading, the identity and address of the assured and the identity and address of any assignee of the assured to whom payment has actually been made.

**(XV) Marking of Commodities:**

The Importer shall make arrangements with his suppliers to comply with the requirements regarding marking of the commodities imported as set out in Annexure XI.

**(XVI) Report regarding procurement and shipping:**

Importers should furnish direct to the Senior Accounts Officer, Economic Aid Accounts, Ministry of Finance (Dept of Economic Affairs), New Delhi, every quarter, procurement and shipping reports. The formats of these reports are given in Annexure IX and X hereof. The importers should compile these reports separately with reference to each authorisation received by them from the Ministry of Finance (Department of Economic Affairs) every quarter, within 15 days of the end of the period to which they relate. Each report should contain reference to the order number and the relevant authorisation. It is essential that the importers strictly adhere to the time limit of 15 days, mentioned.

**(XVII) Records and Inspection:**

In order to identify the items financed under the Loan, to disclose their costs and their use, to show the nature and extent of solicitation of prospective suppliers and the basis for the award of the contracts or orders involved and to indicate the progress in their utilisation, the importer shall maintain a copy of each of the following documents:—

- (a) Invitation to Bids (If any).
- (b) O.S.B. Notice or copy of waiver of this requirement.
- (c) Bids received (in original).

- (d) Evaluation of bids, including justification for award.
- (e) Copies of orders or contracts placed.
- (f) A list of all shipments received.
- (g) For each shipment, a copy each of the following documents:
  - (i) Supplier's invoice.
  - (ii) Bill of lading
  - (iii) Packing list.
  - (iv) Certificate of origin.
  - (v) AID suppliers certificate and invoice and contract abstract.
  - (vi) Stock and inventory record which will include information concerning the receipt, disposition and/or utilisation of imported items. These should be part of the importer's ordinary stock and inventory records and they need not maintain these records separately for the items imported under U.S. AID. However, where the imports are made by established importers who are not themselves the end-users, the importers should maintain records to show the sale/distribution of the commodities imported.
- (vii) Ministry of Finance Letter of Authorisation and Letter of Credit opened thereunder.
- (viii) Claims of insurance—all correspondence involved.  
Such books and records shall be maintained for a minimum period of seven years after the receipt of the commodity. The importer shall enable the authorised representative of the AID to inspect the utilisation of all items imported under the licence and the records and books maintained in that connection and shall afford all reasonable opportunity and assistance to them for such examination.

**(XVIII) Utilisation of Imports:**

All items imported under the Special General Licence in pursuance of this public notice are intended to meet the immediate needs of the economy and should therefore be utilised promptly, say within a period of one year of their arrival. In cases where the requirement about prompt utilisation has not been fulfilled or there is a likelihood of more time being required for complete utilisation, the importers should report the matter immediately to the Ministry of Industrial Development and Company Affairs, Department of Industrial Development (AID Section) and seek their guidance.

**(XIX) Notifying Supplier:**

The importer should apprise the supplier that AID Regulation I as published in U.S. Government Federal Register dated the 12th September, 1964 as may be amended from time to time applies to the transaction.

**(XX) Special conditions:**

Some special conditions are applicable to imports of rebuilt or reconditioned automobile spare parts. These special conditions are set out in Annexure XII. The importer shall ensure that the special conditions, as applicable to the import of the items in question, are observed in addition to the other conditions detailed in this Public Notice. He should also ensure that the contract entered into with the U.S. Supplier embodies *inter alia*, the relevant provisions with which the U.S. Supplier has to comply under such special conditions.

**(XXI) Disputes:**

It should be understood that the Government of India will not undertake any responsibility for disputes, if any, that may arise between the importers and suppliers.

**(XXII) Future Instructions:**

The importer shall promptly comply with any directions, instructions or orders issued by Government regarding any and all matters arising from or pertaining to the imports.

**(XXIII) Breach or Violations:**

Any breach or violation of the conditions set forth in the clauses mentioned above will result in appropriate action under the Imports and Exports (Control) Act.

*List of Annexures by Titles*

Annexure I	.	.	List of Eligible items.
Annexure II	.	.	Suppliers' Certificate.

Annexure IIA	.	Certificate as to Commission and Service payments
Annexure III	.	Notice to U. S. Business.
Annexure IV	.	Form of application for authorisation under Letter of Commitment.
Annexure V	.	Bank Guarantee form
Annexure VI	.	Source Rulings.
Annexure VII	.	Documents required from suppliers
Annexure VIII	.	Quarterly statement of claims relating to shortlandings etc.
Annexure IX	.	Quarterly progress report on procurement.
Annexure X	.	Quarterly Report on Shipping.
Annexure XI	.	Marking requirements.
Annexure XII	.	Special conditions applicable to import of reconditioned or rebuilt automobile spare parts.
Annexure XIII	.	List of ineligible suppliers.

## ANNEXURE I

*List of Eligible Items*

(NOTE :—The eligible items have been divided into five groups, each serial number representing one group).

Sl. No.	AID Code No.	Description	ITC Classification
1	740	Spare parts of mining and quarrying machinery ; spare parts of construction machinery ; spare parts of earth moving and conveying machinery for construction and conveying purposes.	36(5)/II and 65(5)(ii)(a)/V
2	820	Spare parts of motor vehicles :— The following item of spare parts of motor vehicles will not be permitted : (i) Distributor assembly and parts thereof ; (ii) Carburettor kits ; (iii) Items covered by Lists I, II and III of Appendix 26.	293, 295 & 297/IV
3	761	Spare parts of machine tools . . . . Part VI	
4	833	Spare parts for agricultural tractors and for tractor-drawn agricultural implements excluding under carriage parts for trawler tractors.	74(iii)/V
5	710,720,730,770, 778, 779 and 790	Spare parts for irrigation machinery other than those covered by any of the items I to 4 above ; spare parts for refrigeration and air conditioning machinery other than domestic refrigerators ; spare parts of machinery other than those covered by items I to 4 when required by Electric Supply Undertakings spare parts of machinery other than those covered by items I to 4 above, when required for industries and undertakings other than Cinema and refrigeration, but excluding spare parts of machinery falling under Sl. No. 65 (1-4) (vii) (a) and (b) of Part V.	65(5)(ii)/V 65(5)(iii)/V & 36(5)/II

NOTE:—Spare parts listed in this schedule shall not be allowed to be imported if (i) such spare parts are banned to Established Importers or (ii) their import is restricted i.e., which are allowed to be imported by Established Importers upto specified face value restrictions, in terms of the Import Trade Control policy in force at the time of import.

## ANNEXURE III

*Notice to U.S. Business Regarding Proposed Procurement of Goods—Instructions*

The importer should execute the form "Notice to U.S. Business" given below and submit 6 copies to the Deptt. of Industrial Development (AID Section), Udyog Bhavan, New Delhi-11 if the total value of the orders to be placed for the spare parts falling under a group indicated in Annexure I is Rs. 37,500/- or more. The "Notice" must be prepared in English. To the extent possible, specifications according to U.S. standards shall be indicated for all the items sought to be imported and where U.S. specifications are not known, full description of the goods shall be given. While giving the description it should be ensured that it is worded in general terms enabling all interested suppliers to send in their quotations. The make, and model of the equipment for which the spares are needed and the name and full address of the manufacturers of the equipment must however be given. If possible, the part numbers applicable to the spare parts to be purchased should also be given. It should however be noted that mentioning of make, model/name of the manufacturers, part numbers etc. are merely for purposes of identification of the requirements and does not entitle importers to purchase their requirements straightaway from the original manufacturers of the equipments without giving a fair consideration to the quotations received in response to the Notice to U.S. Business. The "Notice" should include all items which are proposed to be imported under the group. The importer shall not place or agree to place any order with the supplier until 45 days have elapsed from the time that the "Notice to U.S. Business" reaches the Agency for International Development, Washington (In special cases, to enable U.S. Business to make offers, AID may prescribe a longer period). To ensure that notification requirements are complied with the Deptt. of Industrial Development (AID Section) will, while forwarding the "Notice to U.S. Business" to AID for publication in "AID Small Business Circular" advise the importer the 'bid closing date' i.e., the date upto which they shall defer placing final orders. On the expiry of this waiting period and subject to their receiving no further communication either from that authority or the AID, Washington the importers may finalise orders, after considering the quotations, if any, received from the U.S. Suppliers in response to the 'Notice to U.S. Business' published by the "AID in the Small Business circular". The orders should be finalised as soon as possible after the "bid closing date".

2. The Deptt. of Industrial Development or AID may require the revision and resubmission of any "Notice to U.S. Business" which does not comply with the requirements set forth in this Annexure. If warranted, the 'bid closing date' may be extended due to such resubmissions.

3. The "Notice to U.S. Business" should contain an entry for each paragraph A through K. Paragraph (A) will always be "India". Paragraph (B) "Loan No. 386-H-168", Paragraph (C) "Special General Licence No. 1, dated 1st May, 1967" and paragraph (D) "U.S.A." If data for an entry is not necessary, insert "N.A." meaning "Not applicable".

*Form of Notice to U.S. Business regarding proposed Procurement*

A	Country	.	.	.	India
B	Authority	.	.	.	AID Loan No. 386-H-168
C	Sub-Authority	.	.	.	Special General Licence No. 1, dated the 1st May 1967
D	Source	.	.	.	U. S. A. (Aid Geographic Code No. (000)
E	Closing Date : bids will be accepted until	.	.	.	(See Note 1)
F	Importer	.	.	.	(See Note 2)
G	Commodity	.	.	.	(See Note 3)
H	Shipping Basis for bid Quotations	.	.	.	(See Note 4)
I	Cable address if cablegram bids are acceptable.	.	.	.	(See Note 5)
J	Desired delivery date and Port of Entry.	.	.	.	
K	Other Requirements	.	.	.	(See Note 6)

*Explanatory Notes*

Guidance as to the information required in the individual paragraphs of the "Notice" is contained in the following notes:—

**NOTE: 1**—This will be filled by the Deptt. of Industrial Development, AID Section, New Delhi.

**NOTE: 2**—Indicate the name and complete address of the importer. Telephone number may also be included if the importer is willing to deal with bidders by such means.

(For example: Importer)

Acme Import Co. Ltd.,  
14, Front Street,  
Bombay, India  
Tele. Bombay 373781.

**NOTE: 3**—Fully describe the commodities (excluding ocean transportation and marine insurance) for which quotations or offers are desired. Specifications shall indicate sizes, quantities, etc. and shall be in terminology which is readily understandable by U.S. Commercial trade and which will enable U.S. Suppliers to submit quotations without further interpretation. Electrical equipment shall include the power characteristics required. Data shall be in such sufficient detail as to provide an adequate basis on which suppliers can submit realistic offers. Omission of U.S. standards as herein prescribed, may make the entire "Notice" unacceptable.

If 'Notice to U.S. Business' contains references to drawings and/or to specifications running to several pages, the importer should send 6 copies of the 'Notice to U.S. Business' only but retain with him the drawings and the documents containing the detailed specifications about which reference has been made in the "Notice to U.S. Business". The Deptt., of Industrial Development, AID Section, Udyog Bhavan, New Delhi, while transmitting the "Notice to U.S. Business" to AID, Washington, for publication will inform the importer of the 'bid closing date' (i.e., the date filled in against entry 'E' of the "Notice") and also request him to send atleast 50 copies of the drawings/documents contains specifications to the Office of Small Business, Agency for International Development, Washington DC 20523 direct by AIR mail citing reference to the number and date of the Deptt., of Industrial Development letter under which the "Notice to U.S. Business" was forwarded to AID, Washington, for publication. The importer should comply with this request immediately and ensure that the copies of drawings etc., are sent to the Office of the Small Business Agency for International Development, Washington D.C. 20523 so as to reach that office at least 45 days in advance of the 'bid closing date'. The importer should endorse to Deptt., of Industrial Development (AID Section), Udyog Bhavan, New Delhi, a copy of the communication addressed to the Office of Small Business, AID, Washington, D.C. 20523, in this connection. The Deptt., of Industrial Development, will thereupon inform the importer, having regard to the date of despatch of the drawings by the importer, whether the original 'bid closing date' remains unchanged. The importer should await this information from the Deptt., of Industrial Development before acting on the original 'bid closing date'.

**NOTE 4**—Indicate basis on which quotations or offers are to be submitted; cif or c & f. Port of Entry into India; f.a.s. or f.o.b. Port of exit from U.S.A. etc. (For example, Basis; c.i.f. Bombay).

**NOTE 5**—Indicate whether or not cablegram quotations will be accepted. If acceptable, show Importers' cable address. (For example: I, Cablegram: Acceptable, ACICO, Bombay).

**NOTE 6**—List any special shipping or packing instructions or other conditions and imformation which may be applicable and not included in preceding paragraphs. (For example: the applicable special conditions in Annexure XII should be detailed).

## ANNEXURE IV

To

The Senior Accounts Officer,  
 Economic Aid Accounts Section,  
 Ministry of Finance,  
 Department of Economic Affairs,  
 Jeewan Deep Building,  
 Parliament Street, New Delhi.

SUBJECT.— Import of \_\_\_\_\_ from U.S.A. under AID  
 No. 1-Project Loan No. 386-H-168 against Special General Licence No. 1 date  
 the 1st May, 1967.

Sir,

In connection with the import of \_\_\_\_\_ from U.S.A. against the above Special General Licence under the above AID Loan, we furnish the following particulars to enable you to issue us authorisation for opening letter of Credit through our bankers on the U.S. Bank designated by you :—

(a) Particulars of orders placed\* in respect of which Letters of Credit are to be opened and for which authorisation is sought :—

Serial No.	Serial No. of the group as shown in Annexure I	Relative to which the spares ordered belong.	Description of spares ordered and applicable commodity Code Number as shown in Annexure I	Order No. Date and value (in Dollars and Rs.)	Name and full address of the U.S. Supplier (Calculated at \$ 100=R. 750)

(One copy each of the orders placed and U.S. Suppliers' acceptance thereof to be attached).

(b) The name and address of the Indian Bank which has furnished the bank guarantee and which will open the Letter of Credit.  
 (c) Particulars of orders if any, already placed\* against the Special General Licence and for which Letter of Credit authorisations have also been obtained :

Sl. No.	Serial No. of the group as shown in Annexure I	Relative to which the spares ordered belong.	Description of spares ordered and applicable commodity Code Number as shown in Annexure I	Order No., Date and value (in Dollars and Rs.)	Name and full address of the U.S. Supplier (Calculated at \$ 100=R. 750)	Ministry Letter No. & date granting authorisations to open Letters of Credit

2. The bank guarantee furnished by \_\_\_\_\_ and which has been duly adjudicated by the Collector in accordance with the provisions of Section 31 of the Stamp Act, 1899 is attached.

3. We certify that :

- (i) none of the items ordered for which letter of authorisation for opening Letters of Credit is sought is either banned or restricted for import in terms of the Import Trade Control Policy currently in force.
- (ii) where the value of the orders placed for the spare parts falling under a group as indicated in Annexure I to the Ministry of Commerce Public Notice No. ITC(PN)/67 dated the ..... is Rs. 37,500/- or more, the requirements of "Notice to U.S. Business"/"Waiver" as prescribed in Clause II of the said Public Notice have been duly fulfilled.
- (iii) for the orders previously placed for the spare parts falling under the same groups as indicated in para 1 (c) above, either the Notice to U.S. Business procedure was complied with, where necessary, or the orders were placed atleast three months before the date of placement of the present orders.
- (iv) all the orders placed conform to the provisions of clause III of the said Public Notice.
- (v) The particulars of orders indicated in (a) and (c) above are correct in all respects. We realise false statement, if any, is punishable under the Imports & Exports (Control Act).

Yours faithfully,

PLACE :

(Signature of the Importer Full Name & address)

Date :

\*This information should be given separately for each group as shown in Annexure I.

ANNEXURE V

To

The President of India,  
Through the Secretary to the Govt., of India,  
Ministry of Finance,  
Department of Economic Affairs,  
New Delhi:

Sir,

In consideration of the President of India hereinafter referred to as 'the Government' having agreed to arrange for payment in foreign currency of the price of goods to be imported by

* (i) ..... (ii) ..... (iii) ..... (iv) .....	individual/partners working under the name and style of ..... Messrs ..... ..... [name(s) and address (es)]
--------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------

\*Messrs ..... a company having its registered office at ..... in the State of ..... hereinafter referred to as the 'Importers' under Special General Licence No. 1 dated the 1st May, 1967 for a value of \$ ..... we, ..... hereby guarantee that we shall arrange deposit to the credit of the Government in the Reserve Bank of India, New Delhi/State Bank of India, Delhi, or by means of a Demand Draft drawn on State Bank of India, New Delhi in favour of the Accountant General, Central Revenues, New Delhi:

- (I) Within seven days of the receipt of advice of payment with shipping documents from the U.S. Banks, of rupee equivalent of the invoice price representing the dollar disbursements made by the U.S. Banks

under the letter of credit established by us against the Letter of Commitment of the U.S. Agency for International Development, Department of State, Washington, hereinafter referred to as the 'U.S. AID', at the rate of Rs. 757.50 per \$ 100 along with interest thereon at 6 per cent per annum from the date of payment to U.S. suppliers to the date of deposit of rupee equivalent.

(ii) Within seven days of the demand by the Government of such additional amount as may be demanded by the Government as being due on account of service charges.

We, ..... undertake to pay to the Government on demand and without demur such sum not exceeding ..... rupees \*\* as may be demanded by the Government in the event of the Importers failing or neglecting to make any of the above mentioned said payments and the decision of the Government as to such failure or neglect on the part of the Importers and as to the amount payable to the Government by us hereunder shall be final and binding on us.

We, ..... agree and undertake not to release shipping documents to the Importer until after the rupee equivalent as aforesaid and the other dues, if any, as demanded by Government are deposited to the credit of the Government.

We, ..... agree and undertake not to revoke this guarantee during its currency except with the previous consent of the Government in writing.

The guarantee herein contained shall not be affected by any change in the constitution of the Importers or of our Banks.

The Government shall have the fullest liberty without affecting this guarantee to vary any of the terms governing imports under the Special General Licence quoted above or to extend the time for payment by the Importers from time to time or to postpone for any time and from time to time any of the powers exercisable by it against the Importers and we, ..... shall not be released from our liability under this guarantee by any exercise by the Government of the liberty with reference to the amount aforesaid or by reason of any such variation or extension of time being given to the Importers or any forbearance, act or omission on the part of the Government or any indulgence by the Government to the Importers or by any of the matters or things whatsoever which under the law relating to sureties shall but for this provision have the effect of so releasing us ..... Bank from our such liability.

This guarantee shall remain valid upto the 30 September, 1988, and if no action is brought against us within a period of one year from the said date, we shall stand released from all our liabilities under this guarantee.

Yours faithfully,

PLACE:  
DATE:

(Signature of the Authorised Officer  
of the Bank and Bank's Full Address.)

(The Bank Guarantee is to be executed on a non-judicial stamp paper, the value of the stamp being adjudicated by the Collector in accordance with the provisions of Section 31 of the Indian Stamp Act, 1899).

\*Strike out which is not applicable.

\*\*The amount is to be calculated by converting the total value of orders for which authorisation for opening letters of credit is sought at \$100=Rs. 757.50. This rate is subject to change which will be announced as and when decided by Government.

## ANNEXURE VI

*Source Ruling*

S. No.	Item	Source Ruling
1	2	3
1	Revision of A.I.D. Commodity Procurement source—Origin Policy . . . . .	To assure more effective compliance with the President's Directive that further steps be taken to improve the U.S. balance-of-payments position and to provide consistency with normal practices of American suppliers, the following change in A.I.D. policy with regard to eligible commodities has been made effective as of January 4, 1964.
A	commodity, even though produced through manufacturing, processing or assembly in, and shipped to the co-operating country from, an authorized source country, will not be eligible for A.I.D. financing if: (i) it contains any component from countries not included in A.I.D. Geographic Code 899*; or (ii) it contains any component or components acquired by the producer of the commodity in the form in which imported into the country of production from free world countries (A.I.D. Geographic Code 899) other than authorized source countries, at a total cost (delivered to the point of production) that amounts to more than 10 per cent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by A.I.D.).	The above change affects only transactions based on procurement authorized by A.I.D. subsequent to its effective date, January 4, 1964. Transactions based on earlier authorizations will be subject to the express terms and conditions of such authorizations and to the policies then in effect.
	In view of these changes in A.I.D. commodity source—origin policy, U.S. suppliers involved are urged to examine carefully pertinent provisions of their letters of credit or other instructions received from their importers. For all future transactions, unless specifically advised to the contrary by their importers exporters would be safe in assuming that the 10 per cent rule will apply.	Variations from the 10 per cent limitation on imported components may be authorized by A.I.D. when appropriate, as when required to reflect the general practice of American industry or for other justifiable reasons. Requests from individual firms or industry groups for variations from the 10 per cent rule should be addressed to the Industrial Resources Division, Agency for International Development Washington, D.C. 20523.

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**2 Ruling on Components**

In order to clarify the 10% componentry rule, A.I.D. has ruled that the cost of imported components is to be computed on the basis of cost as of the time of delivery to the point of production. The cost should not be calculated on a net basis to reflect an anticipated rebate or draw back of import duty.

When variations from the 10% componentry rule are requested, each such request should state the price at which export sale is made, the dollar cost of the imported components and the dollar amount and percentage of the component cost which will result from any anticipated rebate or drawback of import duty.

In response to questions as to whether the 10% componentry rule could be applied on a complete installation rather than to the individual elements making up the installation, A.I.D. has ruled that such questions must be decided on the basis of the particular circumstances involved in each case. Factors involved would include such things as the particular elements of the installation to be imported and whether the source of financing would restrict the competition to U.S. firms or allow foreign competition as well.

Attention is invited to the last paragraph of Small Business Mem. No. 64—4 (reproduced in Serial No. 1 of this Annexure) which permits variations from a tight adherence to the 10% rule.

**3 Ruling on spare parts**

Several inquiries have been received regarding the foreign componentry limitations as applied to spare and replacement parts when sold and shipped with the basic equipment and when shipped separately. The following is issued for purposes of clarification;

In the case of sales of parts shipped separately from the equipment, the foreign componentry limitation applies to each individual spare part or replacement part. A shipment of parts only may not include any foreign parts. A single sub-assembly commonly provided (e.g. a cut gasket and a carburetor) is considered an individual part. Frequently parts are ordered to accompany a machine or piece of equipment to which they are applicable, and the machine or equipment is subject to maximum foreign componentry limitation either ten per cent or another percentage specially determined. In these cases, A.I.D. will allow the inclusion of foreign spare parts applicable to the foreign components of the basic entity (machine or piece of equipment) upto a value which, when added to the value of the foreign components of the basic entity does not exceed the allowable percentage of the price of the basic entity. The price used will be the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the basic entity available for export sale.

**4 Automotive Equipment**

A.I.D. has ruled that knocked-down units of automotive equipment to be assembled in the recipient country may include upto ten per cent. of foreign manufactured components from countries

eligible under A.I.D. Geographic Code 899 even though the knocked down unit is not complete and needs the addition of indigenously manufactured units to make a complete vehicle. The foreign components so included must, however, be shipped from an authorised source country on a single Bill of Lading with the other components. The ruling does not extend to foreign components intended as spare or replacement parts.

Suppliers desiring exception under the above ruling should present the facts in writing to the Industrial Resources Division of Material Resources, Agency for International Development Washington, D.C. 20523.

**NOTE.**—It is clarified that the meeting of AID's source requirements mentioned above in detail is an obligation cast on the U.S. suppliers under U.S. AID regulations and not on the importer.

#### ANNEXURE VII

Same as Annexure VII to Ministry of Commerce Public Notice No. 115-ITC (PN)/66 dated the 11th August, 1966, except for the following amendments:

- (i) The heading of Para 3 *viz.*, "Suppliers Certificate" to be amended to read: "Suppliers Certificate, Form AID 282".
- (ii) The following to be introduced as para 4:
- 4. Certificate concerning Commission and service payments:  
The original and two copies executed by the supplier in Form AID 283 (as in Annexure II A).
- (iii) The existing para 4 to be renumbered para 5.

#### ANNEXURE VIII

Same as Annexure IX to the Ministry of Commerce Public Notice No. 115-ITC (PN)/66 dated the 11th August, 1966, except that Column 6 is to be amended to read: "Ministry of Finance Letters of Credit Authorisation Letter No. & Date".

#### ANNEXURE IX

Same as Annexure IX to the Ministry of Commerce Public Notice No. 115-ITC (PN)/66 dated the 11th August, 1966 except that (i) the entry "Licence No. ...." is to be cut out and (ii) the heading is to be amended to read: "Quarterly Progress Report on Procurement under Special General Licence No. 1 dated the 1st May, 1967 for the period ending.....".

#### ANNEXURE X

Same as Annexure X to Ministry of Commerce Public Notice No. 115-ITC (PN)/66 dated the 11th August, 1966 except that (i) the words "Licence No." in column (3) are to be deleted and (ii) the words "in respect of imports against the authorisation....." occurring in the heading are to be amended to read "In respect of imports under Special General Licence No. 1 dated the 1st May, 1967 against the authorisation.....".

#### ANNEXURE XI

Same as Annexure XI to Public Notice No. 115-ITC(PN)/66 dated the 11th August, 1966 except that:

- (i) the words "including machinery, equipment and materials" occurring within brackets in the first sentence is to be deleted;
- (ii) the heading of para 2 *viz.* "Exemptions and waivers" is to be amended to read "waiver";
- (iii) Para 2(a), appearing under the heading "Exempted Goods", is to be deleted in its entirety; and
- (iv) The words "(b) Waivers" appearing at present as title of sub-para 2(b) are to be deleted.

## ANNEXURE XII

*Special conditions applicable to Rebuilt or Reconditioned Automobile spare parts  
(AID Commodity Code 8205)*

1. In cases where submission of 'Notice to U.S. Business' is necessary in accordance with the clause (II) of the Appendix to this Public Notice, the importer should specifically indicate in the 'Notice to U.S. Business' against the relevant automobile spare parts item that rebuilt or reconditioned items are required so that manufacturers of rebuilt or reconditioned automobile spare parts may quote for these items.

2. Before finalising the order on a U.S. manufacturer of rebuilt or reconditioned automobile spare parts, the importer should obtain confirmation from the U.S. manufacturer of the following:—

- (a) To ensure that the standards of the manufactured parts conform and continue to conform with the quality advertised by the manufacturer or rebuilders a procedure of inspection has been established under which registered engineers of an independent consulting engineering firm;
  - (i) perform an initial inspection of the production procedures, testing procedures and equipment used by the manufacturer or rebuilders;
  - (ii) perform subsequent periods inspection not less than one time in each three subsequent month period following the initial inspection of production procedures and testing procedures including a spot check of rebuilt or reconditioned parts which are being shipped to India during each periodic inspection; and
  - (iii) certify on each invoice for shipments of parts to India that the parts meet the quality standards advertised by the manufacturer or rebuilders.
- (b) the contract between the manufacturer or rebuilders and the independent consulting engineering firm for the performance of the functions mentioned above has the approval of AID, Washington.

3. The importer should ensure that his contract with the U.S. manufacturer embodies *inter alia* the requirement set out in (a) and (b) of para 2 above.

## ANNEXURE XIII

*List of persons ineligible to participate in aid finance transactions*

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S. No.

Name and Address

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- 1. Aadal, Manoutchehr, 150, Broadway, New York, New York.
- 2. All American Fabrics Co., 277, Broadway, New York, New York.
- 3. Amerimpex Trading Co., 277, Broadway, New York, New York.
- 4. American Asian Lines, 150, Broadway, New York, New York.
- 5. Aqua International Corp., 29, Broadway, New York, New York.
- 6. Archifar Pharmaceutical Products, Inc., 20, Exchange Place, New York, New York.
- 7. Associated Chemo-Pharm Industries, Inc., 20, Exchange, New York, New York.

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S. No.	Name and Address
8.	Bottone, Dr. Caesar, 1209, Anderson Avenue, Fort Lee, New Jersey.
9.	Cheng Feng Trading Co. Ltd., Chung Shan N. Road, 18, Lane 11, Sec. 2, Taipei, Taiwan.
10.	Chi Chu-Hu, Chung Shan N. Road, 18, Lane 11, Sec. 2, Taipei, Taiwan.
10A.	Chie, C. F., Chung Shan N. Road, 18, Lane 11, Sec. 2, Taipei, Taiwan.
11.	Chie Ho Industrial Co. Ltd., Chang Teh Road, 9-1, Lane 57, Taipei, Taiwan.
12.	Darab, Nasrollah, 277, Broadway, New York, New York.
13.	En Am Machinery Works, 43-3, Chung Haiao Street, Fan Yuan, Taichung Hsien, Taiwan.
14.	Gedeon Richter Pharmaceutical Products, Inc., 20 Exchange Place, New York, New York.
15.	Geene, Roy, 415, East 52nd Street, New York, New York.
16.	Cubbay, Clement, 20, Exchange Place, New York, New York.
17.	Harfa Commercial Co., 170, Broadway, New York, New York.
18.	Lowens, Ernest, 20, Exchange Place, New York, New York.
19.	M-C International, 717, Market Street, San Francisco, California.
20.	Meoni, A., 20, Exchange Place, New York, New York.
21.	Monarch Processing Corp., 150, Broadway, New York, New York.
22.	Monarch Trading Co., 150, Broadway, Ney York, New York.
23.	Monarch Trading Co., Inc., 150, Broadway, New York, New York.
24.	Namdar, Faizollah, 277, Broadway, New York, New York.
25.	Nazarro, Ben, 20, Exchange Place, New York, New York.
26.	Panmed Pharmaceuticals, Inc., 1209, Anderson Avenue, Fort Lee, New Jersey.
27.	Pharma Scienta, 156, Rue De Damas, Imm. Homsi, Beirut, Lebanon.
28.	Rafati, Hassen, 277, Broadway, New York, New York.
29.	Shalom, Raleigh, 20, Exchange Place, New York, New York.
30.	Societe des Laboratories Reunis (SOLAR), 156, Rue de Damas, Imm. Homsi, Beirut, Lebanon.
31.	Szybalsky S., 1209, Anderson Avenue, Fort Lee, New Jersey.
32.	Transasia Marine Corp., 150, Broadway, New York New York.
33.	Transasia Steamship Co., Inc., 150, Broadway, New York, New York.
34.	Transasia Transporting Corp., 150, Broadway, New York, New York.

S. No.	Name and Address
35.	United Pharmacal Laboratories, P.O. Box 1718, Lot 28, Foreign Trade Zone, Mayngues, Puerto Rico.
36.	United Steel and Wire Corp., 375, Park Avenue, New York, New York.
37.	Western National Fabric Co., 277, Broadway, New York, New York.
38.	Worldwide Export Co., 79, Wall Street, New York, New York.

P. D. KASBEKAR,  
Chief Controller of Imports & Exports.

